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97TH CONGRESS
1ST SESSION

H. R. 3494

To require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 7, 1981

Mr. ENGLISH introduced the following bill; which was referred to the Committee on Government Operations

A BILL

To require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. This Act may be cited as the "Delinquent
4 Payments Act of 1981".

5 INTEREST ON DELINQUENT PAYMENTS

6 SEC. 2. (a) In accordance with regulations prescribed by
7 the Director of the Office of Management and Budget, each
8 Federal agency which acquires property or services from a

1 business concern, but which does not make payment for each
2 such complete delivered item of property or service—

3 (1) by the date on which payment is due under
4 the terms of the contract for the provision of such
5 property or service or otherwise; or

6 (2) within thirty days after receipt of a proper in-
7 voice for the amount of the payment due, if a specific
8 date on which payment is due is not established by
9 contract or otherwise,

10 shall pay to such business concern interest, in accordance
11 with this section, on the amount of the payment which is due.

12 (b)(1) Interest on amounts due to a business concern
13 under this Act shall be paid to the business concern for the
14 period beginning on the day after payment is due under the
15 contract or otherwise, or on the thirty-first day after the Fed-
16 eral agency receives a proper invoice for the amount of the
17 payment due, as the case may be, and ending on the date on
18 which payment of the amount due is made. The interest pro-
19 vided for in this section shall be paid at a rate which the
20 Secretary of the Treasury shall specify as applicable to the
21 period beginning on October 1, 1981, and ending on Decem-
22 ber 31, 1981, and to each three-month period thereafter.
23 Such rate shall be determined by the Secretary of the Treas-
24 ury by determining the average bond equivalent rates of the
25 ninety-one-day Treasury bills auctioned during the preceding

1 three-month period, by adding 3.5 per centum to such aver-
2 age, and by rounding the resultant per centum to the nearest
3 one-eighth of 1 per centum. The Secretary of the Treasury
4 shall publish each such rate in the Federal Register.

5 (2) Any amount of interest which remains unpaid at the
6 end of any thirty-day period shall be added to the principal
7 amount of the debt and thereafter interest shall accrue on
8 such added amount.

9 (c) A Federal agency shall pay any interest charges re-
10 quired by this section out of funds made available for the
11 administration of agency programs.

12 (d) This Act does not authorize the appropriation of
13 funds for the payment of interest required by this Act.

14 LIMITATION ON DISCOUNT PAYMENTS

15 SEC. 3. If a business concern offers a Federal agency a
16 discount from the amount due for the acquisition of property
17 or services, in exchange for the payment by such agency
18 within a specified period of time, the agency may pay the
19 business concern the discounted amount only if payment is
20 actually made within the time specified by the business
21 concern.

22 CONGRESSIONAL OVERSIGHT

23 SEC. 4. (a) Each Federal agency shall file with the re-
24 spective chairmen of the Senate Committee on Governmental
25 Affairs and the House Committee on Government Operations

1 a detailed report on any interest payments made during the
2 preceding fiscal year.

3 (b) Such report, to include the number of interest pay-
4 ments, the amounts thereof, the frequency thereof and the
5 reasons therefor, shall be delivered to the respective Commit-
6 tee chairmen within sixty days of the conclusion of each fiscal
7 year.

8 DEFINITIONS

9 SEC. 5. For the purposes of this Act—

10 (1) the term "Federal agency" has the same
11 meaning as the term "agency" in section 551(1) of
12 title 5, United States Code;

13 (2) the term "business concern" means any
14 person engaged in a trade or business;

15 (3) an invoice shall be considered a "proper in-
16 voice" when it contains or is accompanied by such sub-
17 stantiating documentation as the Federal agency con-
18 cerned may require by regulation; and

19 (4) an invoice shall be deemed to have been re-
20 ceived by an agency on the earlier of (A) the date on
21 which such Federal agency actually receives the in-
22 voice, or (B) the fifth day after the date the invoice is
23 mailed.

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EFFECTIVE DATE

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SEC. 6. (a) This Act applies to the acquisition of proper-

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ty or services made on or after the ninetieth day after the

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date of enactment of this Act.

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(b) The provisions of this Act requiring the promulgation

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of regulations shall be effective upon enactment, and such

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regulations shall be promulgated not later than ninety days

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after the date of enactment of this Act.

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